

California Public Utilities Commission
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PRESS RELEASE

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**CPUC RECEIVES RESULTS OF INDEPENDENT EVALUATION
OF PG&E SMART METERS**

SAN FRANCISCO, Sept. 2, 2010 - The California Public Utilities Commission (CPUC)

today received the results of the independent evaluation of Pacific Gas and Electric Company's (PG&E) Smart Meter deployment, focused on electric residential customers, which found that the meters and associated software and billing systems are consistent with industry standards and are performing accurately. However, the evaluation identified multiple factors that appeared to contribute to the escalation of Smart Meter-related high bill complaints, including PG&E's customer service practices.

On April 1, 2010, the CPUC contracted with The Structure Group to conduct an independent evaluation of PG&E's Smart Meters in response to concern expressed by consumers over high energy bills that occurred around the same time PG&E installed Smart Meters in the San Joaquin Valley area.

Structure independently tested more than 750 Smart Meters and 147 electromechanical meters. In laboratory testing, field meter testing, and end-to-end system testing, Structure determined that all of the tested Smart Meters and systems were working accurately and that customer billing matched the expected results.

Structure also reviewed 1,378 electric Smart Meter complaints and performed in-depth customer interviews; they found issues with PG&E customer service management and adherence to industry best practices. For example, customer questions regarding Smart Meters and individual customer usage patterns were not effectively addressed by PG&E. In some cases, customers experienced multiple cancelled bills followed by re-billing, which exacerbated customer confusion and

frustration. In addition, customers indicated to Structure that there was a lack of communication and notification from PG&E about their Smart Meter installation.

The report also said that the CPUC's handling of certain consumer complaints created confusion for the customer when the CPUC deemed the complaint closed even though the customer was still not satisfied with or did not understand PG&E's resolution of their complaint.

"I am happy to hear that PG&E's Smart Meters are functioning properly, but disturbed by PG&E's lack of customer service and responsiveness. We will ensure that PG&E improves their customer service, and we will also continue to improve our own complaint handling processes," said CPUC President Michael R. Peevey. "I hope these findings help ease minds about the accuracy of Smart Meters. Utilities nationwide are installing Smart Meters in order to give consumers greater control over their energy use, including shifting their usage to save money with optional time-based rates, provide for faster outage detection and restoration of service, and to help upgrade and modernize the electric grid."

Said Commissioner Dian M. Grueneich, "The report is encouraging in terms of the performance of actual meter hardware. However, I am very concerned about PG&E's performance in terms of industry best practices and how in some of the best practices areas, PG&E's performance has actually declined."

"The Structure report makes clear that the transition to a Smart Grid is not just a technological event," said Commissioner Nancy E. Ryan. "Consumers won't fully realize the many potential benefits of Smart Meters and other grid upgrades unless utilities and regulators place more emphasis on the human side of the equation," she added. "Better communication and customer service will help ensure that consumers see Smart Meters as something that is done for them, not to them."

Structure's report and press release outlining their findings is available at www.cpuc.ca.gov/PUC/energy/Demand+Response/solicit.htm.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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